GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:900
ANSWERED ON:21.07.2016
Development of Chahbahar Port
Gandhi Shri Feroze Varun;Jayavardhan Dr. Jayakumar;Mahadik Shri Dhananjay Bhimrao;Patil Shri Vijaysinh Mohite;Singh Shri Dushyant;Sule Smt. Supriya Sadanand

Will the Minister of SHIPPING be pleased to state:

(a) the present status of progress made towards development of Chahbahar port consequent upon signing of agreement between the Indian and Iranian authorities;
(b) the details of financial implications involved, the modalities worked out to manage the funding and the share of investment to be made by the two countries;
(c) the advantage likely to accrue to India after completion of the said project;
(d) whether the Government has asked Iran to provide land in Chahbahar for setting up of some industries by Indian companies and if so, the details thereof;
(e) whether the Government of Bangladesh is also involved in the development of the said project and if so, the details thereof; and
(f) whether the Government proposes to develop any port in Bangladesh and if so, the details and objectives thereof?

Answer

MINISTRY OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON RADHAKRISNAN)

(a) Contract for Equipping and Operation of Multipurpose and Container terminals at first development phase of ShahidBehesti − Chabahar port between Aria Bandaer Iranian Port and Marine Services Company (ABI) and India Ports Global Private Ltd (IPGPL) was signed at Tehran on 23rd May 2016. Both the Governments have also signed the Contract as Confirming Parties.

The following preparatory works are on concurrently:
1. Finalisation of Technical specifications of the Equipments to be installed. Indian technical team is scheduled to go to Tehran in 3rd week of July for same. â€¦2/-

- 2 -

2. Appointment of consultant for selecting the SPV partner and for assisting IPGPL in equipment procurement / installation and to prepare a business plan.
3. Appointment of Project Manager at Tehran for various liaison works.
4. Preliminary discussions have been held with "Union Bank of India" by IPGPL for providing "Performance Bank Guarantee" on Contract Activation

Overall it is expected that it will take 18 to 24 months for Commercial Operations to commence at Chabahar Port.

(b) There are four basic financial implications involved:
1. Making credit of USD 150 million available as explained above. (From Exim Bank)
2. Equipping the both terminals with equipment worth USD 85 million. (From MEA)
3. Annual revenue expenditure of USD 22.95 million per year. (From MEA)
4. Performance Bank Guarantee of USD 5 million. (Propose to arrange thru Union Bank of India)

Port conservancy and marine operations will be looked after by the Iranian side.

Indian side will equip and operate the terminals for 10 years. Cargo revenues collected will be shared as per the agreed formula.

(c) The project will provide India much denied connectivity to enhance trade with land locked Afghanistan and Central Asian nations. It will improve bilateral trade with Iran and provide an opportunity to Indians to avail low cost energy for various industries in FTZ in Chabahar.

(d)No, Madam.There is no request made for land to Government of Iran.

(e) No, Madam. Bangladesh is not involved in development of Chabahar Port.

(f) Bangladesh is planning to develop a deep sea port at Payra, in Meghna River Estuary at Rabnabad Channel in Patuakhali District. Presently Chittagong handles 92% of the Exim trade and considering the growth of Bangladesh economy, another port is urgently needed. Payra Port Authority (PPA) had floated Expression of Interest on October 2015, wherein IPGPL indicated interest in 2

components. An Indian delegation visited Bangladesh in mid-June 2016. Namely development of Dry Bulk and the Multipurpose terminals.
*****